



# PHILIP MORRIS

U.S.A.

120 PARK AVENUE, NEW YORK, N.Y. 10017 • TELEPHONE (917) 683-5000

January 1, 1999

Mr. Glen Ross Smith  
GSP Inc.  
5215 Seerley Creek Road  
Indianapolis, Indiana 46241

Dear Mr. Smith:

This letter, when countersigned below, constitutes the agreement (the "Agreement") between Philip Morris Incorporated, a Virginia corporation with executive offices located at 120 Park Avenue, New York, New York 10017 ("Philip Morris") and GSP Inc., an Indiana corporation with offices located at 1388 North Banner Avenue, Indianapolis, Indiana 46214 ("GSP"), pursuant to which GSP will render services to Philip Morris in connection with Philip Morris' **Marlboro Autosports Program** under the terms and conditions stated.

1. Services.

(a) GSP will provide the personal services of Glenn Ross Smith, which are the essence of the Agreement.

(b) GSP will provide the following services in connection with a fully-equipped executive hospitality tractor trailer and kitchen trailer unit (the "Hospitality Unit") consisting of one 48' x 102" x 13'6" Kentucky trailer. The Hospitality Unit will be used by Philip Morris at CART Spring Training, the Philip Morris Invitational, the Marlboro Grand Prix of Miami, the Grand Prix of Nazareth, the Marlboro 500 and the Marlboro Racing Schools (collectively, the "Events") on the dates set forth on Exhibit A attached hereto:

(1) ensure that the Hospitality Unit arrives no later than two days prior to CART Spring Training, the Philip Morris Invitational, the Marlboro Grand Prix of Nazareth, the Marlboro 500 and the Marlboro Racing Schools;

(2) coordinate with Philip Morris' Director of Race Operations and other third parties designated by Philip Morris to ensure that the Hospitality Unit is in the proper location and equipped with all necessary power and telephone and television feeds;

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- (3) ensure that the Hospitality Unit is set-up and functioning to the satisfaction, and for the use, of the operational staff no later than one day prior to each Event and during all time periods designated by the Director of Race Operations;
- (4) ensure that the Hospitality Unit and all eating areas within and outside the Hospitality Unit are clean and fully stocked with all necessary supplies (e.g. refreshments, ice and office supplies) at all times throughout the term of the Agreement;
- (5) obtain and maintain, or ensure that appropriate third parties maintain, throughout the term of the Agreement, all necessary permits, consents, insurance, log books, medical cards, commercial drivers' licenses and all licenses necessary for the safe and secure operation of the Hospitality Unit;
- (6) ensure that the Hospitality Unit is serviced at appropriate times and that all equipment related to the Hospitality Unit is clean and safely functional. If and when equipment is in need of repair, replacement or refurbishment, GSP will notify and obtain the approval of the Director of Race Operations, and ensure that the equipment is repaired, replaced or refurbished;
- (7) if and when requested, assist the Director of Race Operations with on-site projects and concerns;
- (8) if and when time permits between Events, ensure that the Hospitality Unit is driven to Indianapolis, that the Hospitality Unit and all related equipment are unloaded and cleaned, that the Hospitality Unit and generator are serviced, and that all supplies are replenished;
- (9) if and when time permits, assist with the preparation and serving of food to Philip Morris guests at the Hospitality Unit;
- (10) open a separate checking account (the "Account") and deposit the advance payment received from Philip Morris for operational materials, supplies and inventory, including, for example, food, beverages, ice, tolls and car washing expenses. GSP will compile records of all expenses incurred throughout each Event and all payments made from the Account and submit the records to the Director of Race Operations within three days after the completion of each Event. GSP will submit the monthly bank statement for the Account to the Director of Race Operations immediately upon receipt; and
- (11) provide additional related services as reasonably may be requested by Philip Morris.

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2. Payment.

In full and complete consideration of the services rendered by GSP throughout the term of the Agreement, Philip Morris will pay GSP \$67,725 as follows: Philip Morris will pay GSP \$5,643.75 on or before the last day of each month throughout the term of the Agreement following the submission of an invoice dated the 25th day of each month beginning December 25, 1998, and continuing through November 25, 1999. Payment for less than a full month of service will be pro rated to reflect the ratio of (i) the number of days GSP rendered services to Philip Morris during the month to (ii) the number of working days during the month.

3. Operating Expenses.

Philip Morris will reimburse GSP, at cost, for reasonable, competitively priced expenses incurred in connection with providing services for the Hospitality Unit, including expenses incurred for operational materials, supplies and inventory. Within thirty days after the complete execution of the Agreement and GSP's submission of an invoice, Philip Morris will advance GSP \$40,000 against operating expenses. The advance may be used only for operating supply expenditures as set forth in Exhibit B attached hereto. Upon application of the advance to expenses, GSP will deliver to Philip Morris, on a monthly basis, itemized invoices for the expenses incurred. GSP will submit to Philip Morris itemized invoices to request reimbursement following each Event. Philip Morris will reimburse expenses within thirty days after receipt of an invoice for the expenses incurred. All expenses of \$25 or more must be submitted with receipts. All expenses in excess of \$250 must be approved in advance by Philip Morris. Total reimbursement for operating expenses throughout the term of the Agreement will not exceed \$200,000 without the advance, written approval of Philip Morris. Although GSP will submit for Philip Morris' review and approval itemized invoices with receipts for all operating expenses incurred in excess of an aggregate amount of \$160,000, Philip Morris will not reimburse the expenses in excess of \$160,000; instead, Philip Morris will credit the expenses to the original \$40,000 advance described herein. On or before December 20, 1999, GSP will provide Philip Morris with a total reconciliation for the \$40,000 advance described herein. All advanced funding not utilized prior to December 20, 1999, will be refunded promptly to Philip Morris.

4. Travel and Insurance Expenses.

Philip Morris will reimburse GSP, at cost, for reasonable, competitively priced business and travel expenses incurred in providing services pursuant to the Agreement, including per diem expenses in the amount of \$30 per day. In addition, Philip Morris will reimburse GSP for expenses incurred in obtaining the comprehensive general liability insurance required by Paragraph 11(a) of the Agreement. The insurer selected and the premium to be paid are subject

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to the advance approval of Philip Morris. Within thirty days after the complete execution of the Agreement and GSP's submission of an invoice, Philip Morris will advance GSP \$7,000 against business, travel and insurance expenses. Upon application of the advance to expenses, GSP will deliver to Philip Morris, on a monthly basis, itemized invoices for the expenses incurred. Requests for reimbursement must be itemized and submitted monthly to Philip Morris. Philip Morris will reimburse expenses within thirty days after receipt of an invoice for the expenses incurred. All expenses of \$25 or more must be submitted with receipts. All expenses in excess of \$250 must be approved in advance by Philip Morris. Total reimbursement for business, travel and insurance expenses throughout the term of the Agreement will not exceed \$40,000 without the advance, written approval of Philip Morris. Although GSP will submit for Philip Morris' review and approval itemized invoices with receipts for all business, travel and insurance expenses incurred in excess of an aggregate amount of \$33,000, Philip Morris will not reimburse the expenses in excess of \$33,000; instead, Philip Morris will credit the expenses to the original \$7,000 advance described herein. On or before December 20, 1999, GSP will provide Philip Morris with a total reconciliation for the \$7,000 advance described herein. All advanced funding not utilized prior to December 20, 1999, will be refunded promptly to Philip Morris.

5. Term and Termination.

(a) The term of the Agreement will commence on January 1, 1999, and will continue through the later of December 31, 1999, or the complete performance of all services to the satisfaction of Philip Morris. Philip Morris may terminate the Agreement, with or without cause, upon thirty days' advance, written notice to GSP. If Philip Morris terminates the Agreement without cause, Philip Morris will have no liability to GSP after the termination date specified in Philip Morris' notice of termination, with the exception of payment of fees earned for services satisfactorily performed, and documented expenses properly incurred, by GSP prior to the termination date specified in Philip Morris' notice of termination.

(b) If any federal, state, municipal or local law, regulation, ordinance, order, ruling, judgment, consent decree or other governmental action becomes effective that makes the promotion of tobacco products as contemplated by the Agreement, unlawful, impracticable or, in the judgment of Philip Morris, materially reduces the value of the Agreement to Philip Morris, Philip Morris may terminate the Agreement as of the effective date of the law, regulation, ordinance, order, ruling, judgment, consent decree or other action. If the Agreement is so terminated, GSP will promptly refund to Philip Morris all amounts paid to GSP by Philip Morris. GSP may deduct from the refund all fees earned for services satisfactorily performed, and documented expenses properly incurred, by GSP prior to the termination date. GSP will immediately supply documentation to Philip Morris for all amounts so deducted.

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6. Records.

GSP, its employees and agents will maintain detailed and accurate books and records of account with respect to activities undertaken on behalf of Philip Morris and will provide periodic reports if, as and when requested by Philip Morris. Philip Morris, its employees and agents have the right, upon reasonable advance notice, and at Philip Morris' expense, to audit, review and copy GSP's books and records in connection with GSP's performance of services pursuant to the Agreement.

7. Ownership.

All material prepared or developed by GSP pursuant to the Agreement will become the property of Philip Morris and GSP hereby agrees to assign to Philip Morris any and all rights to copyright the material. Upon the acceptance by Philip Morris of any copyrightable material prepared by GSP, GSP, at the request of Philip Morris, will assign all of its right, title and interest in and to the material to Philip Morris and will execute an assignment in a form acceptable to Philip Morris.

8. Confidentiality.

GSP, its employees and agents will hold strictly confidential the existence and terms of the Agreement and all information and materials provided by Philip Morris to GSP or created or acquired by GSP in performing services pursuant to the Agreement. GSP will not use or disclose to any third party the existence or terms of the Agreement, any such information or materials or any other confidential information unless authorized to do so in writing by Philip Morris. Upon the termination or expiration of the Agreement, GSP will promptly return all materials to Philip Morris. GSP's obligation to maintain confidentiality will survive the termination or expiration of the Agreement.

9. Third Party Contacts.

If at any time GSP is contacted by a third party, including the media, other than as contemplated by the terms of the Agreement, concerning GSP's activities on behalf of Philip Morris, GSP will make no comment, immediately notify Philip Morris of the third party contact, and refer the third party to Philip Morris, Senior Vice President, Corporate Affairs.

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10. Indemnity.

GSP, its employees and agents agree to indemnify and hold harmless Philip Morris, its affiliates and each of their respective officers, employees, directors and agents from all claims, liabilities, costs and expenses, including reasonable attorneys' fees, that arise from, or may be attributable to any error, omission or fault of GSP. GSP's obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

11. Insurance.

(a) Upon execution of the Agreement, GSP will deliver to Philip Morris original certificates of insurance evidencing coverage for (i) comprehensive general liability, including contractual liability, with limits of no less than \$1,000,000 combined single limit for bodily injury, including personal injury, and property damage; and (ii) comprehensive automobile liability, including all owned, non-owned and hired vehicles, with limits of no less than \$1,000,000 combined single limit. The insurance certificate required by subparagraphs (i) and (ii) must name Philip Morris, its affiliates, employees and assigns as additional insureds and must state that Philip Morris will be provided at least thirty days' advance, written notice of any cancellation or modification of the insurance. The insurance required must be primary coverage without right of contribution from any other Philip Morris insurance. Insurance maintained by Philip Morris is for the exclusive benefit of Philip Morris and will not inure to GSP's benefit.

(b) Upon execution of the Agreement, GSP will deliver to Philip Morris documentation satisfactory to Philip Morris evidencing Glenn Ross Smith's coverage for comprehensive medical health insurance with limits satisfactory to Philip Morris.

12. Independent Contractor.

GSP is an independent contractor and the Agreement will not be construed to create an association, partnership, joint venture or relation of principal and agent or employer and employee between Philip Morris and GSP or any of GSP's employees or agents within the meaning of any federal, state or local law. GSP will not enter into any agreement, oral or written, on behalf of Philip Morris or otherwise obligate Philip Morris without Philip Morris' advance, written approval.

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13. Exclusivity.

During the term of the Agreement, and for six months thereafter, GSP will not engage in consulting or similar activities for any person, company or other entity whose business competes with any tobacco, food or beverage product of Philip Morris without the prior, written consent of Philip Morris.

14. Miscellaneous.

(a) The Agreement and all matters collateral hereto will be governed by the laws of the State of New York applicable to agreements made and to be performed entirely within the State of New York.

(b) GSP must comply with all applicable laws, regulations, and ordinances relating to its performance of the Agreement. GSP acknowledges that it is cognizant of the provisions of 15 U.S.C. § 1331 *et seq.* and of the Master Settlement Agreement executed as of November 23, 1998, by certain tobacco manufacturers and the Settling States (as defined in the Master Settlement Agreement).

(c) The Agreement is the complete agreement between the parties and supersedes any prior oral or written agreement between the parties concerning the subject matter of the Agreement.

(d) If any provision of the Agreement is held invalid or unenforceable, the remaining provisions will remain in effect.

(e) The Agreement may not be modified, amended or assigned except in a writing signed by both parties. If an assignment occurs, the assignment will not relieve the assigning party of its liabilities or obligations under the Agreement. The Agreement is binding upon successors and assignees of the parties.

(f) A waiver by either party of any term or condition of the Agreement in one or more instances will not constitute a permanent waiver of the term or condition or any other term or condition of the Agreement or a general waiver.

(g) Notices provided hereunder will be in writing and hand delivered or sent by certified mail, return receipt requested, to the parties at their respective addresses set forth above. Notices to Philip Morris will be sent, Attention: Director, Event Marketing.

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If this letter accurately sets forth our agreement, please signify your acceptance and agreement by executing and returning both of the enclosed copies of this letter. We will forward one fully executed copy to you.

  
**PHILIP MORRIS INCORPORATED**

By: 

Title: \_\_\_\_\_

ACCEPTED AND AGREED AS OF  
THE DATE OF THIS LETTER:

**GSP INC.**

By: 

Title: PRESIDENT

Taxpayer ID No.: 35-203329

Filing Status: SELF-EMPLOYED



# EXHIBIT A

Activity	Date	Location
CART Spring Training	February 2, 3, 4, 1999	Homestead, FL
Philip Morris Invitational	February 12, 13, 14, 15, 1999	Palm Beach, FL
Marlboro Grand Prix of Miami	March 19, 20, 21, 1999	Homestead, FL
Racing School Technical Orientation	April 12, 13, 14, 15, 16, 1999	Reading, PA
Grand Prix of Nazareth	April 30, May 1, 2, 1999	Nazareth, PA
Marlboro Racing School (Test)	July 6, 7, 8, 1999	Brooklyn, MI
Marlboro Racing School (Tech Test)	August 3, 4, 1999	Brooklyn, MI
Marlboro Racing School (Tech Test)	August 24, 25, 1999	Brooklyn, MI
Marlboro Racing School #1	September 9, 10, 11, 1999	Brooklyn, MI
Marlboro Racing School #2	September 13, 14, 15, 1999	Brooklyn, MI
Marlboro Racing School #3	September 17, 18, 19, 1999	Brooklyn, MI
Marlboro Racing School #4	October 5, 6, 7, 1999	Homestead, FL
Marlboro Racing School #5	October 9, 10, 11, 1999	Homestead, FL
Marlboro Racing School #6	October 13, 14, 15, 1999	Homestead, FL
Marlboro 500	October 29, 30, 31, 1999	Fontana, CA
Marlboro Racing School #7	December 6, 7, 8, 1999	Fontana, CA
Marlboro Racing School #8	December 13, 14, 15, 1999	Fontana, CA

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**EXHIBIT B**

**TRAILER EXPENSE ITEMS**

Diesel Fuel

Truck Washing

Grocery Items

Food Preparation Items

Office Supplies

Satellite Expenses

Tolls

Waste Removal

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